MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018 /2019

BCB2844 – COMPENSATION AND BENEFITS

(Distance Education)

6 MARCH 2019
2:30 p.m. – 4:30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **3 pages**, excluding this cover page.
2. **Part A (40 marks):** 20 True/False questions. Each question is worth 2 marks.
3. **Part B (60 marks):** 4 essay questions. Each question is worth 15 marks.
4. Please answer **ALL** questions. The total marks for this exam is **100 marks**.
5. Please write **ALL** your answers in the **ANSWER BOOKLET** provided.

Part A: 20 True/False Questions. Answer ALL questions.

1. Compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship.

2. Incentives may be short- or long-term. Short-term incentives are intended to focus employee efforts on multiyear results.

3. A strategic perspective of employee compensation focuses on those compensation choices that help the organization gain and sustain competitive advantage.

4. If the basic premise of a strategic choice is to align the pay system to the business strategy, then different business strategies will translate into different compensation approaches.

5. A pay profile refers to the array of pay rates for different work or skills within a single organization.

6. The design of pay structures does not have any impact on employee motivation at work.

7. When analysing jobs, a group of tasks performed by one person makes up a *position*, and identical positions make up a job.

8. Job evaluation is a process for determining the relative value of jobs.

9. A person-based or skill-based pay structure links pay to the depth or breadth of the skills, abilities, and knowledge a person acquires that are relevant to the work.

10. External competitiveness refers to the pay relationships among organizations, which has to do with the organization's pay relative to its competitors.

11. All companies set the same pay-level policies for different job families.

12. Based on organizations' survey results on other employers' pay practices, an employer considers how it wishes to position its total compensation in the market: lead, match, or lag its competitors.

13. An organization needs to accurately measure performance to determine if its compensation efforts are working.

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14. Pay-for-performance plans are about standardising individual pay regardless of individual or organizational performance.

15. For performance appraisals, the paired-comparison ranking method simplifies the process by forcing raters to make ranking judgments about discrete pairs of people.

16. With benefits being part of the compensation package, the perceived value of benefits rises when employers introduce choice through a flexible benefit package.

17. Benefits in the category of 'payment for time not worked' include paid vacation and payments in lieu of vacation.

18. On executive perks, 'external perks' provide a little something extra while the executive is inside a company, such as luxury office, executive dining room, and special parking.

19. The role of unions in the administration of employee compensation is reflected primarily in the collective bargaining agreements.

20. Trade unions and employer federations are part of the institutional-related issues in dealing with international compensation decisions.

(Total = 40 marks)

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Part B: 4 Essay Questions. Answer ALL questions.

1. **Compensation objectives** form part of the basic building blocks of a **pay model**. Objectives serve as standards for judging the success of the pay system. Briefly describe the **four (4) compensation objectives**.

(15 marks)

2. **Job analysis** describes the process of collecting information about the content of jobs; this content serves as the input for describing and valuing work. Describe both the conventional and quantitative approaches to collecting job information.

(15 marks)

3. Many organizations have adopted **pay strategies** that emphasize external competitiveness and de-emphasize internal alignment. This approach – *market pricing* – sets pay structures almost exclusively on external market rates. The objective of *market pricing* is to base most of the internal pay structure on external rates, breaking down boundaries between internal organization and external market forces. Describe the **three (3) steps** involved in **market pricing**.

(15 marks)

4. Despite an explosion of interest in teams and **team incentive plans**, evidence related to their effectiveness is less than encouraging – companies report they are not satisfied with the way the systems work. Failure can be attributed to several causes. Discuss any **three (3) causes**.

(15 marks)

(Total = 60 marks)

(Exam Total = 100 marks)

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